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THIRTY-THIRD ANNUAL REPORT

OF

PAMOUR PORCUPINE MINES,
LIMITED



For the Year Ended December 31, 1966

ANNUAL MEETING

APRIL 13th, 1967 — 12:30 p.m. (Toronto Time)

KING EDWARD SHERATON HOTEL

PAMOUR PORCUPINE MINES, LIMITED

EXECUTIVE OFFICE: Suite 1700 — 44 King Street West, Toronto 1

Incorporated under the laws of Canada

CAPITAL

Authorized and Issued: 5,000,000 shares of no nominal or par value

DIRECTORS

K. C. GRAY.....	Toronto
P. D. P. HAMILTON.....	Toronto
J. O. HINDS.....	Toronto
R. V. PORRITT.....	Toronto
W. S. ROW.....	Toronto
D. E. G. SCHMITT.....	Toronto
J. H. STOVEL.....	Toronto

OFFICERS

R. V. PORRITT.....	President
W. S. ROW.....	Vice-President
R. C. ASHENHURST.....	Secretary
E. K. CORK.....	Treasurer

GENERAL MANAGER

D. E. G. SCHMITT

TRANSFER AGENT AND REGISTRAR

EASTERN & CHARTERED TRUST COMPANY
Toronto and Montreal

BANKERS

THE BANK OF NOVA SCOTIA

DIRECTORS' REPORT TO THE SHAREHOLDERS

EARNINGS PER SHARE

	<u>1966</u>	<u>1965</u>
Operating Loss	(7.1¢)	(5.9¢)
E.G.M.A. Credit	<u>12.0</u>	<u>10.8</u>
	4.9	4.9
Investment Income	7.1	6.9
Profit on Sale of Investments	<u>0.6</u>	<u>1.1</u>
	<u>12.6¢</u>	<u>12.9¢</u>

Dividends paid during the year amounted to 11¢ per share, compared to 12¢ in 1965, bringing the total to date to \$1.65 per share or \$8,250,000.

The tonnage of ore milled was 5% higher and the grade of ore and recovery of gold were almost the same as in 1965. An increased operating loss was offset by higher E.G.M.A. credits and net earnings were marginally lower.

As indicated in the Manager's Report, ore developments were reasonably satisfactory and year-end reserves of 1,616,000 tons, averaging 0.11 oz. of gold per ton, showed a net decrease of 86,000 tons after mining 612,500 tons during the year.

The shortage of qualified and physically capable labour experienced last year by most Canadian mines was accentuated by the high demand for construction workers on projects in the Porcupine area. Although training programs at Pamour helped toward offsetting high labour turnover, absenteeism and higher wages, the maintenance of full production and control of costs essential for a low-grade operation became increasingly difficult.

Pamour's mining operation depends entirely on credits under the Emergency Gold Mining Assistance Act, which was extended for four years from January 1st, 1964 and, unless further extended, will expire at the end of 1967. As long-range planning and costly mine development must be done well in advance to ensure the continuing availability of ore ready for mining, decisions to make the expenditures involved have become increasingly difficult with approach of expiry of the Act. A Government statement as to further extension, made a least two years prior to expiry, would allow more rational and efficient mine operation.

Your Directors wish to express their appreciation of the excellent performance of your Manager, Mr. Marshall, and his staff and employees during a difficult year.

On behalf of the Board,

R. V. PORRITT,
President.

Toronto, Ontario,
February 6, 1967.

BALANCE SHEET

AS AT DECEMBER 31, 1966

(with comparative figures at December 31, 1965)

ASSETS

CURRENT ASSETS	1966	1965
Cash	\$ 166,631	\$ 95,851
Bullion	221,150	124,780
Marketable investments — at cost (quoted market value \$294,000)	200,015	230,097
Accounts and loans receivable	6,629	9,326
Receivable under The Emergency Gold Mining Assistance Act	201,000	188,000
	<u>795,425</u>	<u>648,054</u>
INVESTMENTS — at cost, less amounts written off		
Shares and bonds — associated companies (quoted market value \$9,689,984)	4,351,475	4,415,809
DEFERRED AND PREPAID ITEMS		
Stores — at cost	397,645	390,652
Miscellaneous	24,601	14,469
	<u>422,246</u>	<u>405,121</u>
FIXED ASSETS		
Mine properties — at cost	175,177	163,177
Plant, buildings, equipment and townsite — at cost	2,697,885	2,653,561
Accumulated depreciation	2,498,757	2,461,932
	<u>199,128</u>	<u>191,629</u>
	<u>\$5,943,451</u>	<u>\$5,823,790</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 244,623	\$ 207,013
Taxes payable	23,000	21,200
Due to associated company	4,710	6,843
	<u>272,333</u>	<u>235,056</u>
CAPITAL STOCK AND SURPLUS		
Capital stock		
Authorized, issued and fully paid — 5,000,000 shares of no par value	1,387,500	1,387,500
Surplus	4,283,618	4,201,234
	<u>5,671,118</u>	<u>5,588,734</u>
	<u>\$5,943,451</u>	<u>\$5,823,790</u>

Approved on behalf of the Board:

R. V. PORRITT, Director.

W. S. ROW, Director.

STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1966

(with comparative figures for the year 1965)

REVENUE	1966	1965
Metal production	\$2,444,218	\$2,409,246
Income from investments —		
Dividends and bond interest — associated companies	347,164	322,483
Other dividends and interest (net)	8,544	22,177
Profit on sale of investments	28,034	54,618
	<u>2,827,960</u>	<u>2,808,524</u>
 EXPENSE		
Cost of metal production, including mining, milling, delivery and mint charges	2,672,690	2,611,806
Administrative and general expenses (including directors' fees)	65,024	38,664
Depreciation	46,546	42,421
	<u>2,784,260</u>	<u>2,692,891</u>
Less recoverable under The Emergency Gold Mining Assistance Act	600,944	539,895
	<u>2,183,316</u>	<u>2,152,996</u>
	644,644	655,528
Provided for production taxes	12,260	12,643
 NET PROFIT FOR THE YEAR	632,384	642,885
 SURPLUS		
Balance, beginning of year	4,201,234	4,158,349
	<u>4,833,618</u>	<u>4,801,234</u>
Less dividends	550,000	600,000
Balance, end of year	<u>\$4,283,618</u>	<u>\$4,201,234</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Pamour Porcupine Mines, Limited as at December 31, 1966 and the statement of operations and surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of operations and surplus present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 6, 1967.

McDONALD, CURRIE & CO.,
Chartered Accountants.

MANAGER'S REPORT

To the President and Directors:

The following report summarizes operations at the Pamour Mine for the year 1966.

MINE

Development	Feet of Advance	
	1966	To Date
Drifts	3,090	179,810
Crosscuts	2,430	43,470
Raises	—	78,790
Stope Preparation	6,240	186,170
Total	11,760	488,240
Total 1965	14,490	

Lateral development consisted of 1,790 feet in lava exploration, 770 feet in conglomerate and 530 feet in east greywacke.

In the east end of the mine, 332 feet of drifting was in ore averaging 0.12 oz. gold per ton over drift width. Some 673 feet of drifting in the west section averaged 0.28 oz. gold per ton over drift width.

Diamond Drilling

A total of 45,530 feet of exploratory drilling was done in 278 holes, of which 163 holes were in the east end of the mine and 115 holes were in the west end. This compares with 59,310 feet in 320 holes in 1965.

Exploration of the lavas accounted for 76% of the drilling. In the western section of the mine the downward extension of 41W vein was indicated to the 1,200-foot level, while in the east mine extensions of known veins were proved and parallel lava flows explored. Approximately 13% of the drilling explored the east and west greywackes and indicated an additional tonnage of low grade material. The remainder of the drilling was in conglomerate, mainly to explore the downward extension of ore which had been previously developed above the 1,400-foot level, and resulted in some 300,000 tons of ore at a grade of 0.09 oz. gold per ton being added to reserves.

Stoping

Stoping was carried on in the east and west sections of the mine, with 25% of the ore produced being from lava formations. The east end accounted for 78% of the tonnage mined. Cut-and-fill stopes provided 3% of the ore, slusher stopes 11%, blast hole stopes 27% and shrinkage the remainder.

ORE RESERVES (At December 31, 1966)

Broken:		Tons	Grade Oz./Ton	Tons	Grade Oz./Ton
East End	.....	574,800	0.101		
West End	.....	139,750	0.100	714,550	0.101
In Place:					
East End	.....	707,790	0.114		
West End	.....	193,550	0.130	901,340	0.117
Totals:					
East Ore	.....	1,282,590	0.108		
West Ore	.....	333,300	0.117		
				1,615,890	0.110

Allowance for normal dilution was made in calculating the tonnage and grade of ore reserves.

After milling 612,500 tons, total ore reserves were decreased by 85,760 tons, and the grade increased slightly.

MILL	1966	1965
Tons milled	612,500	584,500
Tons milled per calendar day	1,678	1,601
Average gold content — oz. per ton	0.114	0.118
Average tailings loss — oz. per ton	0.009	0.009
Total recovery — per cent	92.3	92.2
Gold production — ounces	64,530	63,565
Value of total production	\$2,444,200	\$2,409,200

GENERAL

There was an average of 365 persons steadily employed throughout the year.

I wish to express my appreciation to B. A. Thomson, Mine Superintendent; J. R. Schnarr, Mill Superintendent, and his successor J. K. Dever; V. A. Andrew, Mechanical and Electrical Superintendent; H. A. Harvey, Chief Accountant; S. Belanger, Chief Assayer, and their staffs for loyal and efficient services rendered during the year.

Respectfully submitted,

W. J. MARSHALL,
Manager.

Pamour, Ontario,
January 30, 1967.

